



STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

NOV 17 2009

**COMPTROLLER'S MEMORANDUM NO. 2009-24**

TO: All Department Heads

SUBJECT: Early Cancellation of 2009 Claims Encumbrances

This is a reminder that all inactive operating funds claims encumbrances recorded as of June 30, 2009, will be cancelled and the related appropriation balances lapsed, if the encumbrances have not been expended by the close of December 2009. To meet this deadline, all expenditure vouchers containing payments against prior year encumbrances must be received by DAGS Accounting Division's Pre-Audit Branch on or before December 22, 2009. This early cancellation process is applicable only to operating funds (general, special, federal, revolving and trust) expended by the executive branch unless otherwise provided by law.

An encumbrance will be considered active and will be automatically extended if it meets both of the following conditions:

1. Last activity date of the encumbrance is after August 3, 2009.
2. Total payment against the encumbrance is more than 50% of the encumbrance.

Any claims encumbrance not meeting both conditions as of December 22, 2009 will be considered inactive and will be cancelled. The Department of Education is exempt because of carryover provisions authorized by general law.

Encumbrances that are paid by journal vouchers using transaction code 804 will not be automatically extended even if both conditions are met. Departments must therefore request an extension for these encumbrances. This is because transaction code 804 is not reflected as an encumbrance expenditure in the accounting records.

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Extension requests must also be submitted for federal grant and trust fund encumbrances that do not meet both conditions above, but whose conditions of funding prohibit cancellation of the encumbrances. This is because the federal grant and trust agreement takes precedence over the encumbrance cancellation requirement.

Please submit all extension requests to me through DAGS Accounting Division by December 14, 2009. **The encumbrance list you attach to your request must be in numerical order by fund, followed by the appropriation symbol, purchase order number or encumbrance advice number (blanket) and applicable suffix number, vendor name, and the unliquidated encumbrance balance.**

The enclosed approved/disapproved signature sections must also be included in your extension request.

If you have any questions, please call Mr. Glenn Miyashiro of our Accounting Division at 586-0599.



RUSS K. SAITO  
State Comptroller

Enclosure

☐ APPROVED      ☐ DISAPPROVED

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WAYNE M. HORIE, DAGS Accounting Division Administrator

Dated: \_\_\_\_\_

☐ APPROVED      ☐ DISAPPROVED

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RUSS K. SAITO, State Comptroller

Dated: \_\_\_\_\_